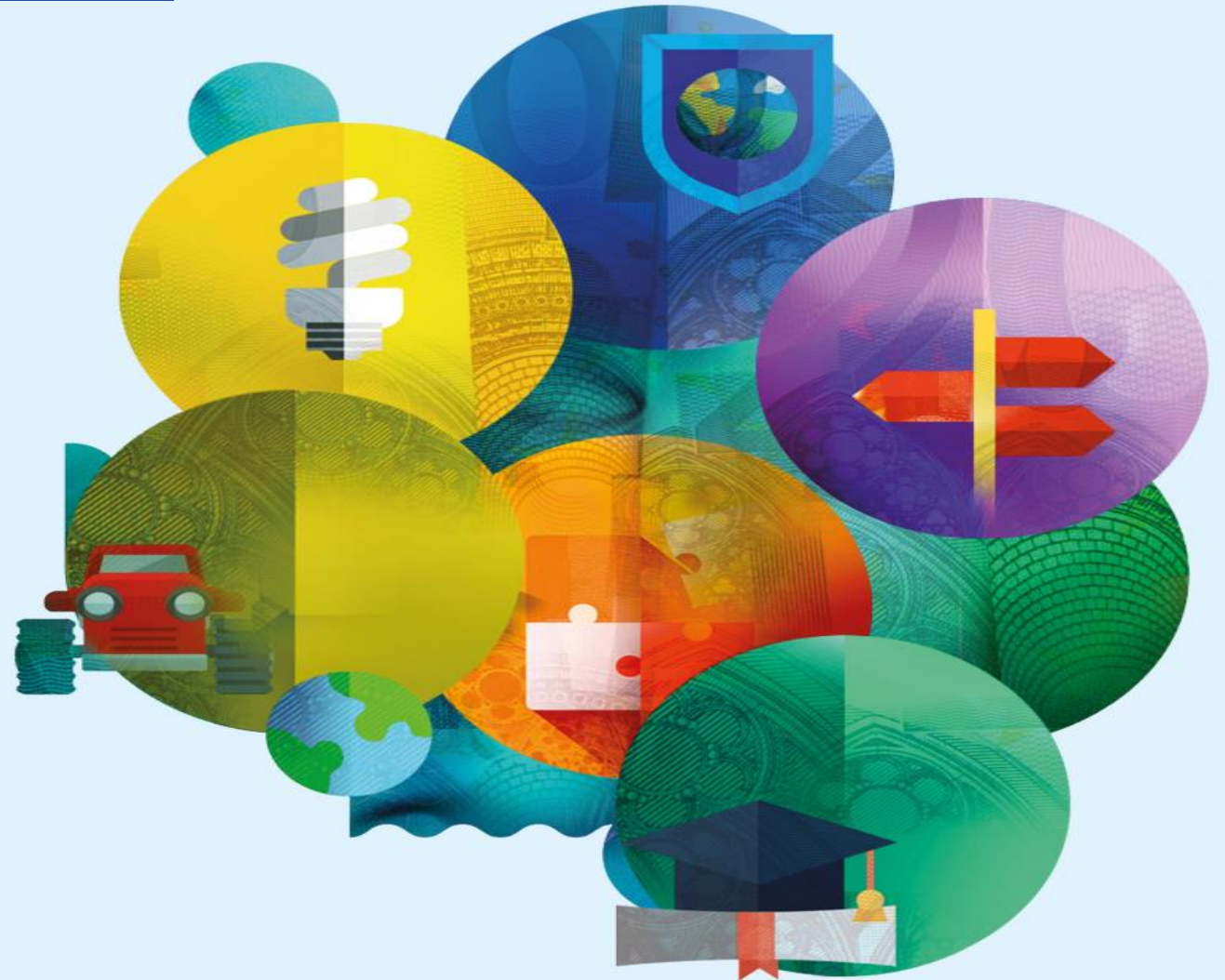


Sustainability Proofing

Preparing InvestEU

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- *Sustainability is mainstreamed in the InvestEU Programme*
- *Bi-dimensional approach:*
 - Ensure that investment projects receiving InvestEU support don't do significant harm – sustainability proofing
 - Priority criteria on the positive agenda – climate & (environmental) tracking
- *Sustainability proofing specific requirements: recital (12) and Art. 7 (3) of the InvestEU Regulation*
- *Guidance to be developed in cooperation with potential Implementing Partners.*
 - Consultation of the general sustainability proofing framework: June 2019.
 - Drafting of the guidance: June 2019 – June 2020.



- *Sustainability proofing is a method that assesses and reports, using one consistent approach, for the impacts of certain financing and investment operations on three relevant dimensions of sustainability i.e. the climate, environmental and social dimension:*
 - significant climate impacts of a project in particular, but not limited to, on greenhouse gas emissions , and resilience to the adverse impacts of current and future climate change;
 - significant impacts of a project on environment, in particular air, water, land, nature and biodiversity as well as effects on human health (accounting for consolidated project impact);
 - significant impacts of a project on gender equality, the social inclusion of certain areas or populations and the economic development of areas and sectors affected by structural challenges such as the decarbonisation needs of the economy.



- Financing and investment operations should comply on their own merits with relevant obligations at MS/EU/international level
- Sustainability proofing – a step beyond simple legal compliance

*“ Financing and investment operations shall be screened to determine if they have an environmental, climate or social impact and if so, shall be subject to climate, environmental and social sustainability proofing with a view to **minimise detrimental impacts** and **maximise benefits** on climate, environment and social dimension.”*



- *Applicability: all four windows*
 - Infrastructure projects
 - Non-infrastructure projects
- *Screening*
 - [In case the impact is deemed to be significant for only one or two of the dimensions, no proofing shall apply for the remaining one/s]
 - Criteria for screening: starting from Annex III of the EIA Directive, to be further developed
- *Threshold [initial proposal]*
 - Direct operations: **[EUR 25 million]**, total project cost
 - Intermediated transaction: **[EUR 12,5 million]**, financing of individual final beneficiary
- *Sustainability proofing*
 - No proofing needed: justification to be presented to the Investment Committee
 - Performing the in-depth proofing based on the screening results

Annotated table of contents



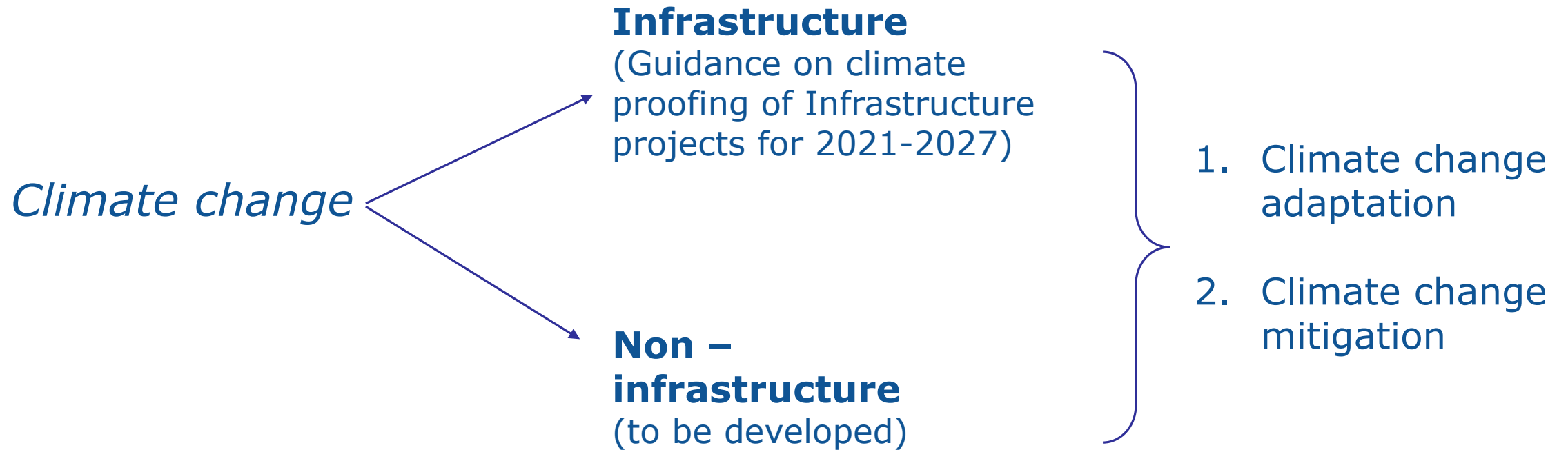
European
Commission

Sustainability proofing guidance

Table of Contents

- 1 Introduction 3
 - 1.1 Definition and objectives 5
 - 1.2 Legal compliance 6
- 2 Criteria for sustainability proofing 7
 - 2.1 Climate change adaptation and mitigation 7
 - 2.1.1 Climate adaptation 7
 - 2.1.2 Climate mitigation 7
 - 2.2 Environment 8
 - 2.3 Social 10
 - 2.3.1 Social Impact Objectives 10
 - 2.3.2 Target beneficiaries 10
 - 2.3.3 Employees 11
 - 2.3.4 Clients 11
 - 2.3.5 Third parties (suppliers, distributors) 11
 - 2.4 Interconnections between the climate, environment and social dimension 12
- 3 Process 12
 - 3.1 Threshold and screening 12
 - 3.1.1 Threshold 12
 - 3.1.2 Screening criteria for InvestEU 13
 - 3.2 Infrastructure projects 14
 - 3.2.1 Pre-appraisal stage 14
 - 3.2.2 Appraisal stage 14
 - 3.2.3 During the lifetime of the project 15
 - 3.3 Non-infrastructure projects 15
 - 3.4 Cost-benefit analysis or other types of analysis to be used for the economic appraisal of projects 15
- 4 Intermediated finance 16
- 5 Roles and responsibilities 16
 - 5.1 Role of the project promoter 16

- 5.2 Role of the implementing partner/financing institution 17
- 5.3 Role of the Investment Committee 17
- 5.4 Role of the Commission 18
- 6 Annexes: 18
 - 6.1 List of relevant legal requirements which the projects/operations should comply with 18
 - 6.2 Template for the summary to be presented to COM and the IC 18
 - 6.3 Guidance on the Climate Proofing of Infrastructure Projects in the period 2021-2027 18
 - 6.4 Glossary of terms used 18
 - 6.5 Case studies of sustainability proofing 18
 - 6.6 More annexes to be determined at a later stage 18





Environment

Solid basis

- EU env. legislation (EIA Directive, Habitats/Birds Directive, Water Framework etc.)
- Appraisal of EU co-financed projects
- CBA methodology (ESIF 2014-2020)
- IFIs due diligence procedures

-
- Methodology for environmental accounting (based on existing corporate practices on natural capital accounting)

ISSUES to be considered

- Air
- Water
- Land
- Biodiversity
- Waste
- Human health issues (chemicals & dangerous substances, noise, disasters...)

WHAT's assessed

Investment (impacts) → environment

Environment (risks) → Investment

Account for consolidated project impact

1. Identification & assessment of impacts and measures to address them (modification of the projects/operations design or mitigation and compensation)

2. Assessment and quantification of net environmental impacts and dependencies (monetisation when possible)



Social

Compliance with applicable EU and Member State social legislation - bare minimum for operations supported by InvestEU.

The Regulation foresees that sustainability proofing process shall serve not only to verify this minimum, but also to go further by promoting positive social impacts beyond minimum legal requirements, as appropriate.

- Social impact objectives
- Target beneficiaries
- Employees
- Clients
- Third parties (suppliers, distributors)



- *Pre-appraisal stage*
 - Policy check
 - Legal compliance
 - Screening

- *Appraisal stage*
 - identification & assessment of impacts, quantification (where possible), mitigants and compensation measures etc.

- *During the lifetime of the project*
 - Monitoring & reporting requirements





Results of the proofing to be submitted to the IC

- Part of a Guarantee Request Form and Scoreboard

Expected Timeline



European
Commission

		II / 2019	III / 2019	IV / 2019	I / 2020	II / 2020	Until 31.12.2020
		Working group to be established for the elaboration of the two guidances: - Sustainability proofing (SP) - Climate tracking (CT)					End of current MFF 
Sustainability proofing & climate tracking	Commission Decision -Guidance -Methodology						Commission decision on SP
		6/2019 Preliminary table of contents 31.08.2019 – comments on the preliminary table of contents / non- paper on climate (&environmental) tracking to be shared with the working group second part of 09/2019 – starting work on climate proofing and preliminary discussions on environmental proofing - starting the climate (&environmental) tracking work stream	11/2019 – continue work on climate proofing (non-infra) & environmental proofing (initial ideas on env. accounting) - preliminary discussions on the social dimension - continue the climate (&environmental) tracking work stream	Q1 2020 – finalise climate proofing, advance on environmental and social proofing - continue the climate (&environmental) tracking work stream	Q2 2020 – finalise SP guidance - finalise CT guidance		
						Commission Decision on CT 	



Q&A Session

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